

1 DAVID SEROR – Bar No. 67488
2 TAMAR TERZIAN – Bar No. 254148
3 BRUTZKUS GUBNER
4 21650 Oxnard Street, Suite 500
5 Woodland Hills, CA 91367
6 Telephone: (818) 827-9000
7 Facsimile: (818) 827-9099
8 Email: dseror@bg.law
tterzian@bg.law

9 Attorneys for Diane C. Weil,
10 Chapter 7 Trustee for Valley Enterprises, T.S. Inc.

FILED & ENTERED

DEC 20 2021

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY gasparia DEPUTY CLERK

8 UNITED STATES BANKRUPTCY COURT ~~CHANGES MADE BY COURT~~
9 CENTRAL DISTRICT OF CALIFORNIA
10 SAN FERNANDO VALLEY DIVISION

11 In re
12 VALLEY ENTERPRISES T.S., INC.,
13 Debtor.
14

Case No. 1:20-bk-11784 MB
Chapter 7
**ORDER ADJUDICATING DEBTOR IN
CIVIL CONTEMPT**

15 Hearing:
16 DATE: December 15, 2021
17 TIME: 1:30 p.m.
18 PLACE: Courtroom 303 VIA ZOOM.GOV

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20 The Court's Order to Show Cause re Civil Contempt for Violation of Court Orders ("
21 OSC")) directing Jose Pasco, individually and as the PMK of Debtor Valley Enterprises T.S. Inc.,
22 ("Valley Enterprises") to appear and show cause why he should not be held in civil contempt and
23 sanctioned for his failure to comply with this Court's Orders came on for hearing on December 15,
24 2021 before the Honorable Martin R. Barash, United States Bankruptcy Judge. David Seror of
25 Brutzkus Gubner, appeared on behalf of Diane C. Weil, Chapter 7 Trustee. Jose Pasco appeared on
26 his own behalf.

27 The Orders upon which the OSC is based are:

28 (1) Entered on April 16, 2021 (the "2004 Order") requiring the examination of the

1 person most knowledgeable (“PMK”) of Valley Enterprises T.S. Inc., (“Debtor”) and
2 production of documents identified on Exhibit 1 to the 2004 Order [Doc. No. 89]. The 2004
3 Order required the production of documents by April 28, 2021 [Doc. No. 89]. The Debtor’s
4 bankruptcy petition, board of directors’ consent and corporate ownership statement identify
5 Jose Pasco as the Debtor’s only officer, director and 100% shareholder. [Doc. No. 1]. Jose
6 Pasco is the PMK of the Debtor. The 2004 Order was served on Debtor on April 16, 2021
7 [Doc. No. 90] and April 18, 2021 [Doc. No. 91].

8 (2) Entered August 2, 2021 (the “Preliminary 2005 Order”). The Preliminary 2005
9 Order was based upon the motion filed by Diane C. Weil, the duly appointed Chapter 7
10 Trustee (the “Trustee”) for *Apprehension of Jose Pasco to Compel Attendance at*
11 *Examination as the Person Most Knowledgeable of Debtor’s Financial Affairs Pursuant to*
12 *Fed. R. Bankr. P. 2005* (the “2005 Motion”) which, requested, among things, that the Debtor
13 produce: (a) an accounting of rents received post-petition pertaining to the various real
14 property assets; (b) any rental/lease agreements; (c) proof of insurance; and (d) tax returns for
15 tax years 2017, 2018 and 2019 (collectively, the “Additional Documents”). On July 16, 2021
16 the Debtor filed a declaration under penalty of perjury from Mr. Pasco agreeing “to produce
17 the requested documents.” [Doc. No. 157]. Based on the foregoing, the court entered the
18 Preliminary 2005 Order, which among other things ordered the Debtor to produce the
19 Additional Documents by August 18, 2021 [Doc. No. 175]. The Preliminary 2005 Order was
20 served on the Debtor on August 4, 2021 [Doc. No. 178].

21 After considering the evidence in support of the Trustee’s Motion for: (1) Issuance of
22 an Order to Show Cause re Contempt of Court and for Order Holding Jose Pasco, Person Most
23 Knowledgeable of Debtor’s Financial Affairs, in Contempt of this Court for Failure to Turnover
24 Documents; (2) For Such Further Orders for Relief as the Court May Deem Necessary to Enforce its
25 Orders against Jose Pasco, Person Most Knowledgeable of Debtor’s Financial Affairs (the
26 “Contempt Motion”) noting the lack of any written response to the OSC filed by either Jose Pasco or
27 Debtor Valley Enterprises; and after considering the comments and arguments made at the hearing,
28 and for the reasons set forth by the Court on the record, the Court enters its order as follows:

1 **IT IS ORDERED THAT:**

2 1. The Court adjudicates Jose Pasco in civil contempt as follows:

3 A. With respect to the 2004 Order, Jose Pasco failed to complete his examination as
4 the PMK of Debtor and further failed to produce all of the documents identified on Exhibit 1 to the
5 2004 Order, and has not demonstrated that he is incapable of complying with the 2004 Order;

6 B. With respect to the Preliminary 2005 Order Jose Pasco failed to complete his
7 examination as the PMK of Debtor, and further failed to produce all of the Additional Documents,
8 and has not demonstrated that he is incapable of complying with the Preliminary 2005 Order.

9 2. Jose Pasco shall produce to the Trustee's counsel at 21650 Oxnard Blvd., Suite 500,
10 Woodland Hills, California 91367 all unproduced documents identified on Exhibit 1 to the 2004
11 Order and the Additional Documents as set forth in the Preliminary 2005 Order no later than
12 **5:00 p.m. December 29, 2021.** The list of unproduced documents is included at pages 3:24 – 4:16
13 of the Contempt Motion (the “Unproduced Documents”). Case Dkt. 271.

14 3. For each day after December 29, 2021 that the Unproduced Documents are not
15 produced, Jose Pasco is fined the sum of \$100.00. If it is impossible for Pasco to produce any of the
16 Unproduced Documents, Pasco must file a motion seeking relief from this Order demonstrating with
17 specificity why compliance is impossible.

18 4. Jose Pasco shall appear on **January 6, 2022 at 10:00 a.m.** for continued examination
19 by the Trustee, per Zoom instructions to be provided, and give testimony under oath in response to
20 questions posed to him.

21 5. To compensate the estate for damages caused by the contempt of Pasco and the
22 Debtor, the Court awards to the Trustee reasonable attorneys fees' and costs, in an amount to be
23 determined at a later date, incurred in connection with the OSC and obtaining entry of this Order,
24 including, but not limited to the filing of the Motion, supplemental pleadings and court appearances.

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1 6. A continued hearing on the Motion shall take place on **January 19, 2022 at 1:30**
2 **p.m.** via Zoomgov.com:

3 Video/audio web address: <https://cacb.zoomgov.com/j/1614036629>

4 ZoomGov meeting number: 161 403 6629

5 Password: 204979

6 Telephone conference lines: 1 (669) 254 5252 or 1 (646) 828 7666.

7 The Trustee shall file and serve written notice of the continued hearing on Pasco and the Debtor.

8 7. Within three calendar days of the entry of this order, the Trustee shall serve (via
9 personal delivery or overnight delivery) this Order on Jose Pasco and the Debtor at Mr.
10 Pasco's residence and also at the most recent address provided by the Debtor on the bankruptcy
11 court docket. The Trustee shall serve proof of such service no later than January 18, 2022.

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Date: December 20, 2021



Martin R Barash

United States Bankruptcy Judge

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